
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 26, 2016

InfuSystem Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35020
(Commission
File Number)

20-3341405
(I.R.S. Employer
Identification No.)

31700 Research Park Drive
Madison Heights, Michigan 48071
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 291-1210

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 7.01. Regulation FD Disclosure.

InfuSystem Holdings, Inc. hereby furnishes the information set forth in the Investor Presentation dated September 26, 2016, which is attached hereto as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 InfuSystemHoldings, Inc. Investor Presentation dated September 26, 2016.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INFUSYSTEM HOLDINGS, INC.

By: /s/ Trent N. Smith

Name: Trent N. Smith

Title: Executive Vice President and Chief Accounting
Officer

Dated: September 26, 2016

EXHIBIT INDEX

Exhibit 99.1 InfuSystem Holdings, Inc. Investor Presentation dated September 26, 2016.



InfuSystem

INFUSION MADE EASY
(NYSE MKT: INFU)

CORPORATE PRESENTATION
SEPTEMBER 2016

Safe Harbor Statement

Certain statements contained in this presentation are forward-looking statements and are based on future expectations, plans and prospects for the business and operations of InfuSystem Holdings, Inc. (“InfuSystem” or “the Company”) that involve a number of risks and uncertainties. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying certain factors that could cause actual results to materially differ from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to: potential changes in overall healthcare reimbursement, including CMS competitive bidding; sequestration; concentration of customers; increased focus on early detection of cancer; competitive treatments; dependency on Medicare Supplier Number; availability of chemotherapy drugs; global financial conditions; changes and enforcement of state and federal laws; dependency on suppliers; risks associated with acquisitions and joint ventures, including integration risks; US Healthcare Reform; relationships with healthcare professionals and organizations; technological changes related to infusion therapy; dependency on websites and intellectual property; dependency on key personnel; dependency on banking relationships; risks associated with our common stock, as well as any litigation to which the Company may be subject from time to time; and other risk factors as discussed in the Company’s annual report on Form 10-K for the year ended December 31, 2015 and in subsequent filings made by the Company from time to time with the Securities and Exchange Commission (the “SEC”), which can be obtained via the SEC’s Edgar website or by contacting the Company or the SEC. Forward-looking statements in this presentation are made as of September 26, 2016, and, unless required by law, the Company disclaims any duty to supplement, update or revise such statements, whether as a result of subsequent developments, changed expectations or otherwise. The Company regularly posts important information to the investors section of its website.

About InfuSystem® (NYSE MKT: INFU)

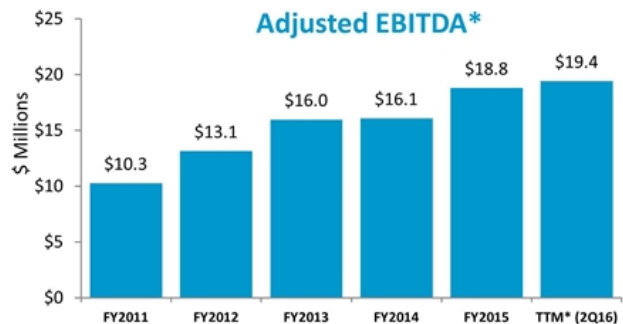


InfuSystem provides infusion pumps and related products and services for patients in the home, oncology clinics, ambulatory surgery centers, and other health care sites.

- **Improving access to quality medical equipment required by clinicians**
- **Delivering products and processes that drive down the cost of infusion care**
- **Promoting patient care and safety, optimizing clinical outcomes**

Investment Highlights

- **InfuSystem is a dominant provider in the at-home oncology infusion pump market**
 - 30%+ market share
- **Business generates substantial annual cash flow**
 - \$18.8 M AEBITDA in 2015 and \$19.4 M for the TTM ending 2Q16
 - \$7.9 M of Free Cash Flow* in 2015
- **Substantial barriers to entry for potential new market entrants**
 - Pump fleet / Insurance contracts / EMR
- **15 of the last 16 quarters have been profitable**
 - New management team took over 4 years ago
- **Strong gross margins, consistently above 70%**
- **Industry leading EMR connectivity to hospitals and clinics**
- **Significantly Reduced Cost of Capital**



2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

*Free Cash Flow is presented under a new definition as of 12/31/2015. Please see appendix for Regulation G reconciliation of Free Cash Flow.

*TTM as of 6/30/16

InfuSystem: Leading Provider of Oncology Infusion Pumps

Core Business: Leading provider to Patients, Hospitals and Infusion Clinics in North America

- InfuSystem enables oncology patients the comforts of at-home treatment
- Permits hospitals and clinics access to INFU's large inventory without a capital equipment purchase, while improving patient outcomes and driving down healthcare costs.
- INFU generates consistent recurring rental revenue

Key Differentiators / Competitive Advantages

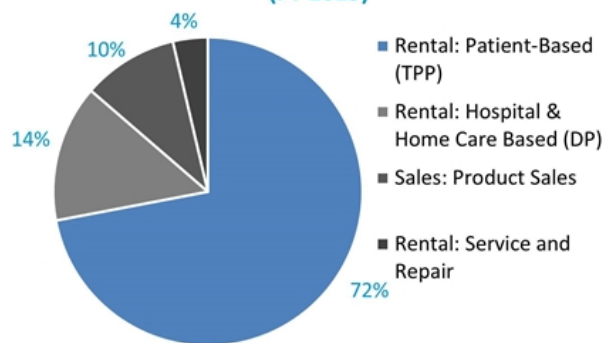
- Largest inventory & fleet of infusion pumps: ~\$58 M at historical cost
- ~420 payor networks under contract*
- ~1,750 customer/facility count*
- World-class ISO service centers
- Significant barriers to entry for new participants

Growth Drivers

- Pain Management expansion and other cancers
- Innovative EMR connectivity "InfuConnect" with hospitals and clinics
- Expanded portfolio - infusion related disposable sales
- New infusion drugs



Four Revenue Streams to Drive Cash Flows (FY 2015)

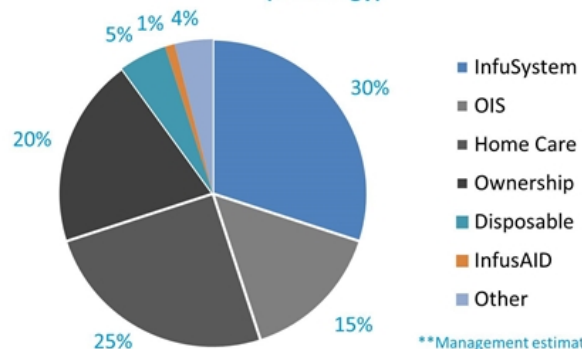


Dominant Player in Our Niche

- InfuSystem pumps permit oncology patients to receive treatment in the comfort of their home.
 - 24/7 on-call oncology nurses
- InfuSystem is the market leader with more than ~1,750* customer/facility count - hospitals and oncology practice sites served in North America.
 - 13 of the 20 top leading cancer institutions
- Total home infusion market is \$10 billion.
 - Oncology market treatable via continuous infusion is estimated to exceed \$200 million annually.
- Cancer rates growing (NIH)
 - In 2015 1.7M new cases of cancer in U.S.
 - 39.6% of men & women will be diagnosed with cancer during their lifetimes
 - U.S. cancer care could reach \$156 billion in 2020
- At-home treatment substantially drives down healthcare costs as mandated by ACA.



Ambulatory Continuous Infusion Opportunity** (Oncology)

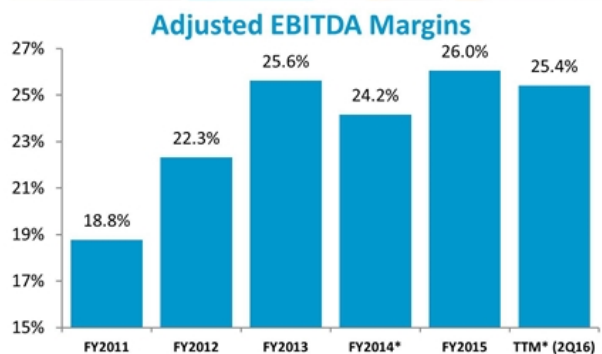


**Management estimates

Management Executing On Value-Creation Strategy

New management team focused on “Value-Creation Strategy” through series of strategic initiatives

- ✓ Four unique business models to capture increasing share of market opportunity and benefit from changing payor mix
- ✓ Accretive acquisition to expand market share “Land Grab”
- ✓ Expanding into adjacent addressable markets to drive growth
- ✓ Investments into next generation systems and technologies to increase customer retention
- ✓ Improving product utilization to increase return on investment
- ✓ Effective cash utilization through decreased borrowing rates



2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

*TTM as of 6/30/16



FOUR REVENUE STREAMS DRIVING CASH FLOWS

Four Revenue Streams to Drive Cash Flows



Patient-Based Rental (TPP)

72% of 2015 Sales

- A hospital/clinic provides an INFU pump to a patient to be utilized for at-home therapy
- InfuSystem bills patients insurance company for payment



Hospital-Home Care Based Rental (Direct)

14% of 2015 Sales

- A hospital/clinic rents an INFU pump on a short term basis or clients choose to always rent
- INFU bills hospital/clinic a flat rental rate



Service & Repair

4% of 2015 Sales

- InfuSystem will service and repair pumps for OEMs, other secondary market infusion pump companies, and hospitals/clinics



Product Sales

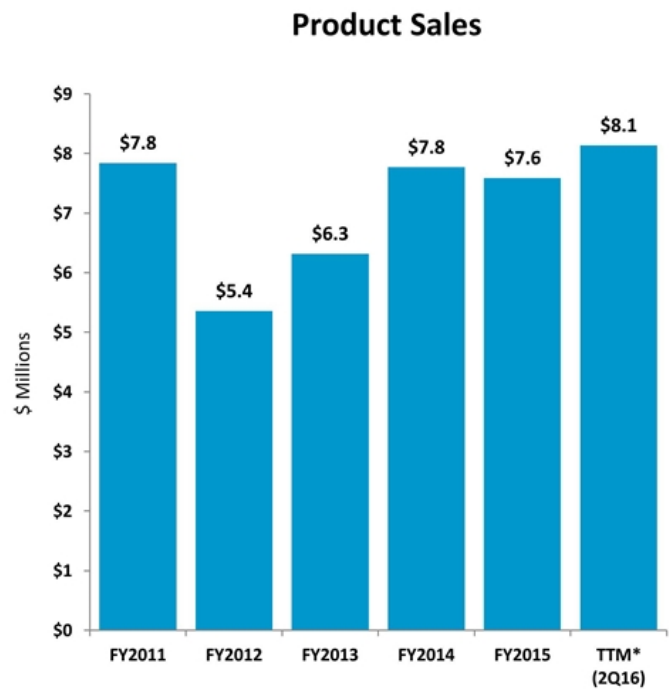
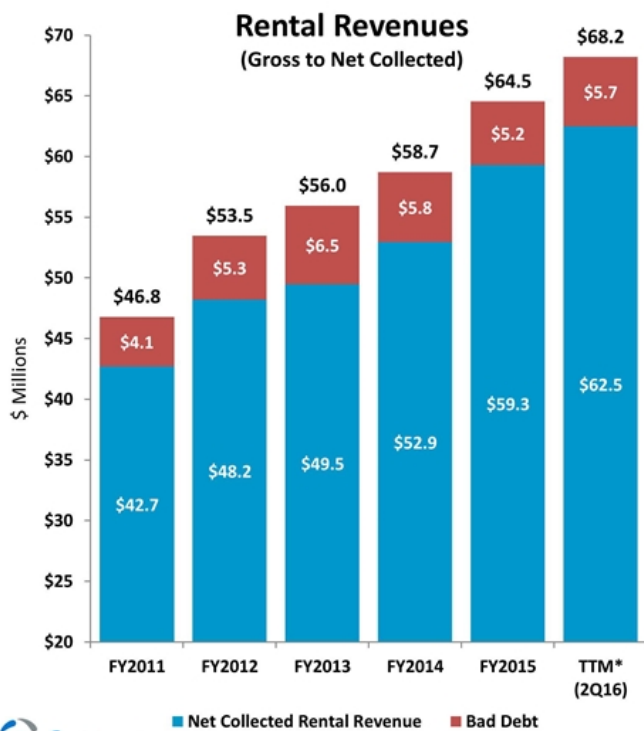
10% of 2015 Sales

- InfuSystem will refurbish pumps for sale to hospitals/clinics
- Customer has option to sell back pre-owned pumps
- Ability to sell new pumps
- Disposables for new and used pumps

Rental Revenue

90% of 2015 Sales

Revenue Growth - Rental and Sales



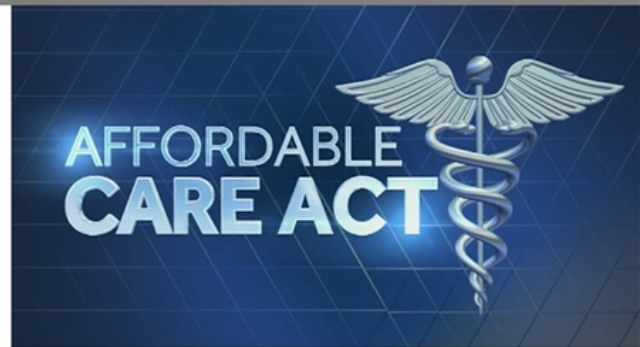
*TTM as of 6/30/16

Net Collected Revenue

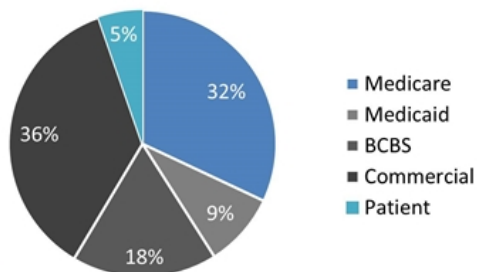
As new healthcare laws have been enacted, the focus on net collected revenue becomes increasingly important as a direct result of focus on contractual insurance changes

Company's increased focus on collecting patient billings

- In-Network agreements
- Improved billing protocol
- High diversification of providers and payors
- No single healthcare provider represents more than 9% of Patient-Based Revenue (TPP)



Patient-Based Rental Payor Mix (FY2015 Cash Collections)



Bad Debt as a Percent of Rental Revenue



Strong Customer “Stickiness” Leads to High Revenue Predictability

- Strong value placed on hospital/clinic contracts and relationships due to strong “reorder/recurring” revenue component
- InfuSystem provides patient-based pump rentals through ~1,750* customer/facility count (clinics/hospitals) with ~420* payor networks under contract
 - Customer count has declined through market consolidation, with INFU on the winning side
- Oncology clinics/hospitals that account for 98% of patient-based pump rentals in 2014 also rented a pump in 2015
- Average customer tenure (weighted by number of pump rentals in 2015) is over 9 years

Growth in Oncology Customers and Payor Networks under Contract



Percent of Pump Rentals by Oncology Clinics that Reordered in 2015 vs 2014



Value-Creation Takeaway



STRATEGIC ACQUISITIONS TO STRENGTHEN MARKET SHARE IN CORE ONCOLOGY BUSINESS

Strategic Acquisitions to Increase Market Share

InfuSystem has the largest inventory of home infusion pumps for the oncology market in the U.S.

- In April 2015, the company acquired Ciscura Holding Company, Inc., based in Alpharetta, Georgia
 - Acquired inventory of approximately 1,800 infusion pumps
 - Expand market share with additional 106 new infusion clinics relationships for InfuSystem primarily throughout the Southeast
 - Offer InfuConnect (EMR) solutions and product portfolio: pole mounted infusion pumps and disposables, catheter care kits and chemo safety products (USP 800)
 - Open new Southeast Service Center
 - Enables same day service for equipment and supplies to much of the Southeast region
- In April 2016, the Company announced it was acquiring the assets of InfusAID, LLC.
 - Acquired inventory of approximately 400 pumps
 - Expands market share with additional 18 infusion clinics



“The right pump, the right place, and the right time. Working and patient ready.”

InfuSystem
INFUSION MADE EASY

**CISCURA**
Infusion Services

**InfusAID**

InfuSystem
INFUSION MADE EASY

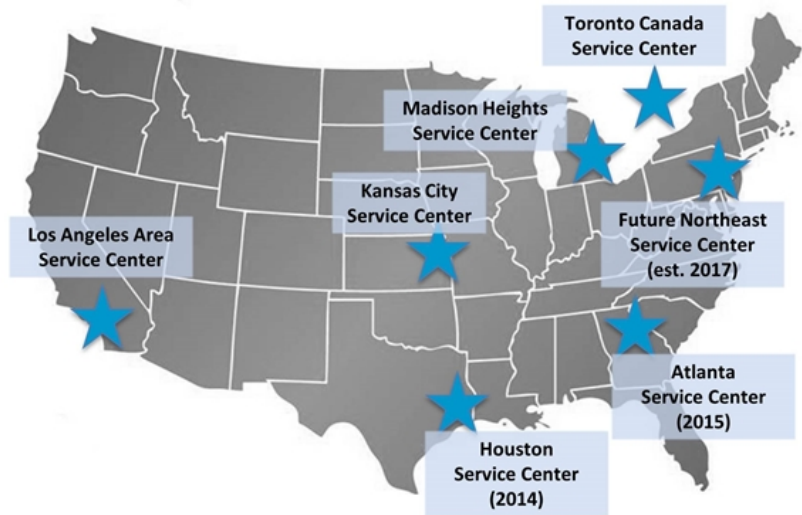
INNOVATION | TEAMWORK | INTEGRITY | FOCUS | PEOPLE FIRST

14

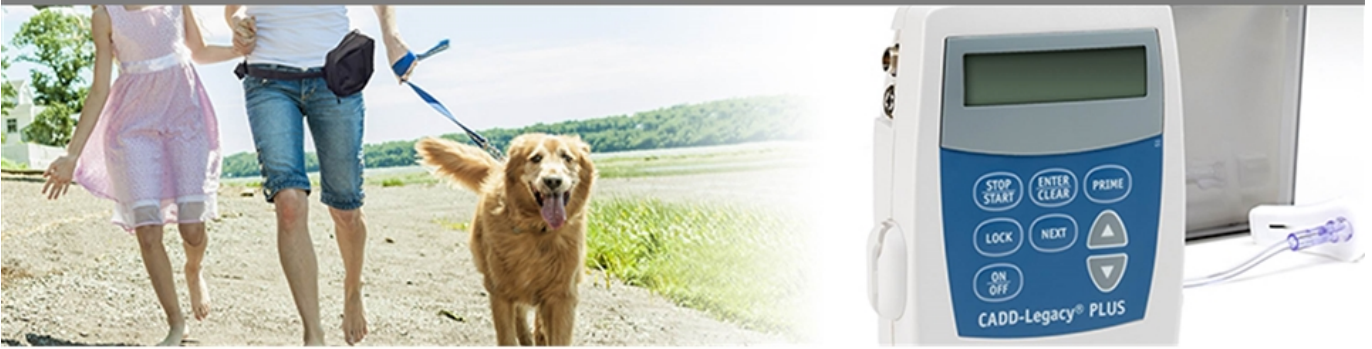
Faster Turnaround Times and Improved Utilization

InfuSystem Service Centers

- Reduced cost of air shipments
- Improved utilization of pump fleet
- Increased market share of “Same-Day” rental market
- ISO 9001 Certification and CHAP accredited quality
- Annual pump recertification
- Maintenance & Warranty
- Ability to service smart pumps
- Hub and Spoke Model



Value-Creation Takeaway



EXPANDING INTO ADJACENT
ADDRESSABLE MARKETS TO
DRIVE GROWTH

Expansion into At-Home Pain Management Infusion Pump Market

Pain relieving effects of a peripheral nerve block can be extended by using a continuous peripheral nerve block catheter, local anesthetic & an electronic infusion pump

- Growing therapy in an estimated \$700 million market
- 5.7 million orthopedic surgeries annually
 - 50% are projected to be Continuous Peripheral Nerve Block Candidates
- Pain most common reason Americans access the health care system
 - Leading cause of disability
 - Major contributor to health care costs.
- Per National Center for Health Statistics (2006), approximately 76.2 million, 1 in every 4 Americans suffered from pain that last longer than 24 hours



Value-Creation Takeaway

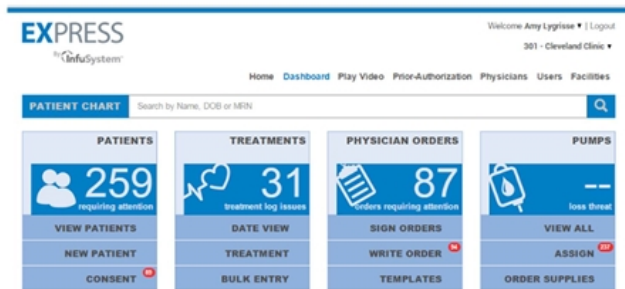


INVESTMENTS INTO NEXT GENERATION SYSTEMS AND TECHNOLOGIES TO INCREASE CUSTOMER RETENTION

InfuConnect: Enhancing Customer Retention and Future Growth Driver (EMR)

EXPRESS

By **InfuSystem™**



EMR Integration – Simple as 1-2-3

- Industry-Leading True- Paperless Solution
- More accurate / More efficient
- Smart Data Listener & Extractor
- Save up to 20 minutes per patient
- Clinics can do more with the time they have

Ambulatory Infusion Made Easy

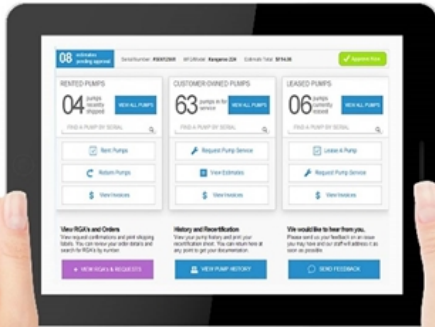
- On Any Device, Auto loaded
- Fastest Implementation
- Manage Patients
- Monitor Inventory
- Sign Orders
- Order Supplies
- Patient Education and more...

InfuConnect: Life Cycle Management



Fleet Management Made Easy

- Order Additional Pumps
- Schedule Service & Repair
- Access Recertification Docs
- Online, Anytime

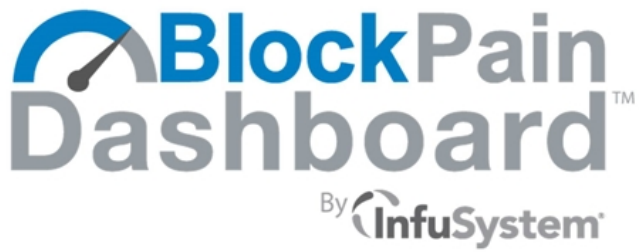


State of the Art Asset Tracking and Management

- Track Assets in Real Time
- Improve Recovery Rates
- Extend Asset Life
- Track From Any Device



Pain Management and Reporting



Patients

[Add New Patient](#)

10 records per page High Pain Medium Pain Show Inactive Low Pain Not Started Assessment

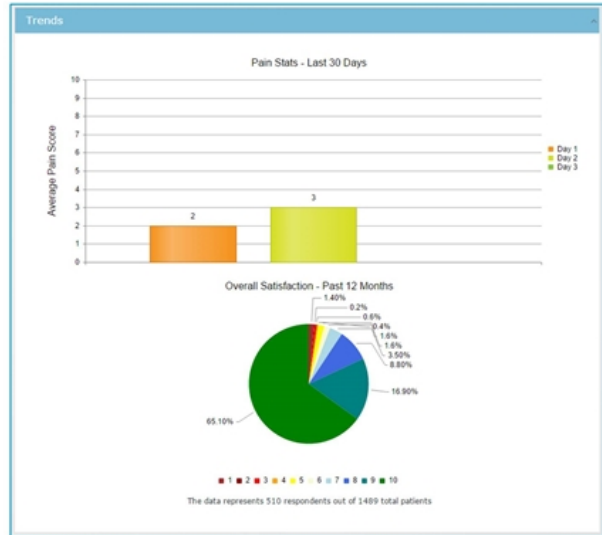
| Last Name | First Name | MI | Procedure Date | Phone | Current Pain Score |
|-----------|------------|----|----------------|-------|--------------------|
| Robin | | | 05/14/2015 | | - |
| Emily | | | 05/14/2015 | | - |
| Mary | | | 05/14/2015 | | - |
| Sharon | | | 05/14/2015 | | - |
| Paul | | | 05/14/2015 | | - |
| Tommy | | | 05/14/2015 | | - |
| Tim | | | 05/14/2015 | | - |
| Demetri | | | 05/14/2015 | | - |
| Jeffrey | | | 05/14/2015 | | - |
| Cary | | | 05/14/2015 | | - |

Showing 1 to 10 of 30 entries

Previous 1 Next

Real-Time Pain Score Reporting

- Supporting High Patient Satisfaction
- Online, Anytime

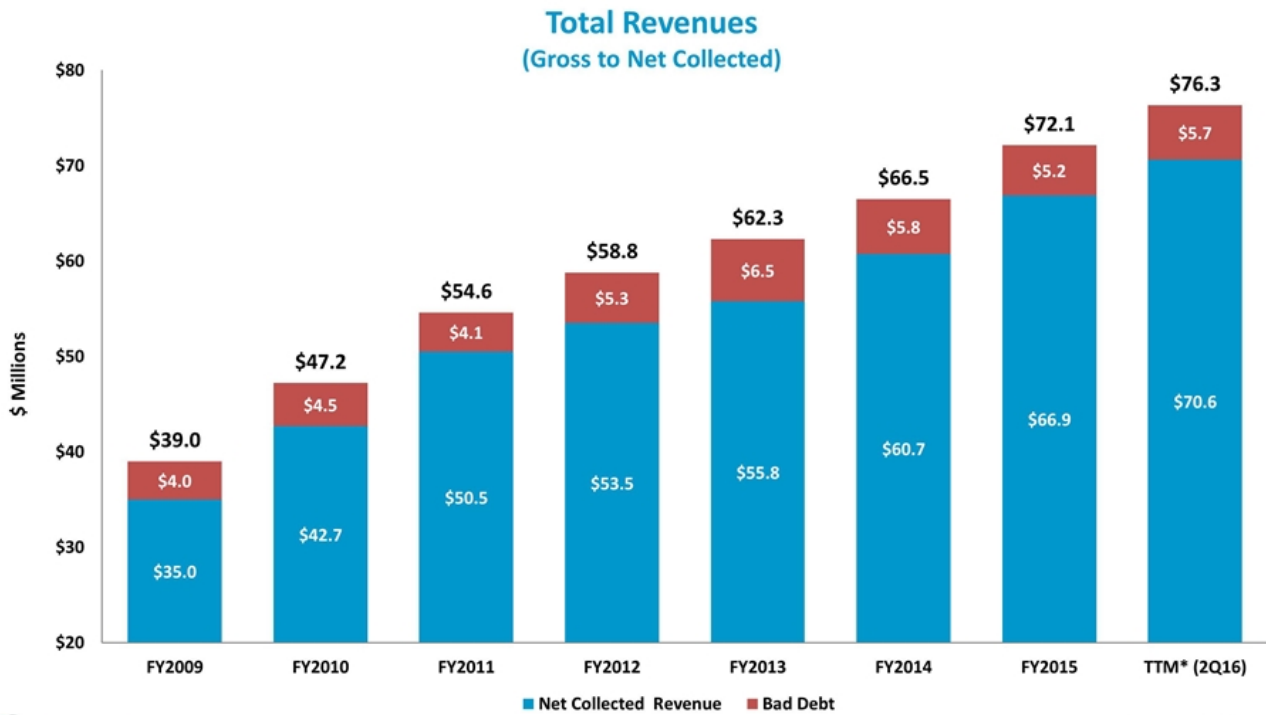


Value-Creation Takeaway



FINANCIAL OVERVIEW

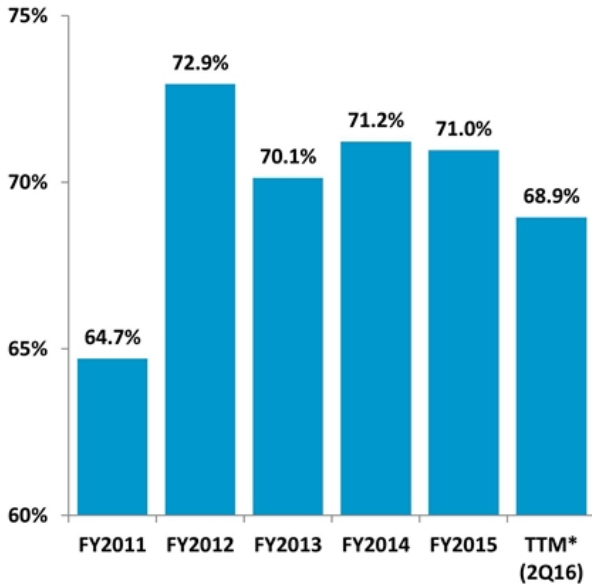
Total Revenue: Total vs Net Collected



*TTM as of 6/30/16

Strong Gross and Adjusted EBITDA Margins

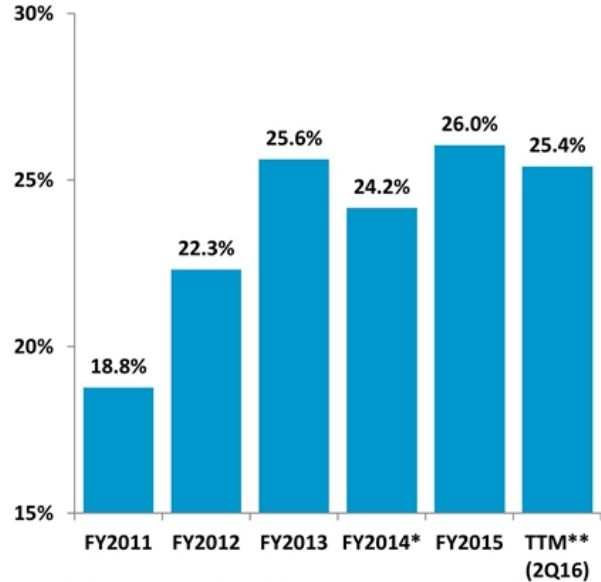
Gross Margins



*TTM as of 6/30/16

Adjusted EBITDA Margins

See Appendix for Regulation G Reconciliation



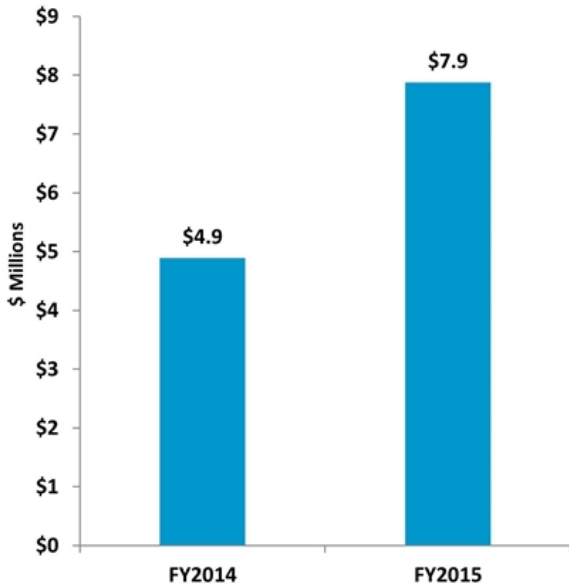
*2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

**TTM as of 6/30/16

Free Cash Flow and Adjusted EBITDA

Free Cash Flow*

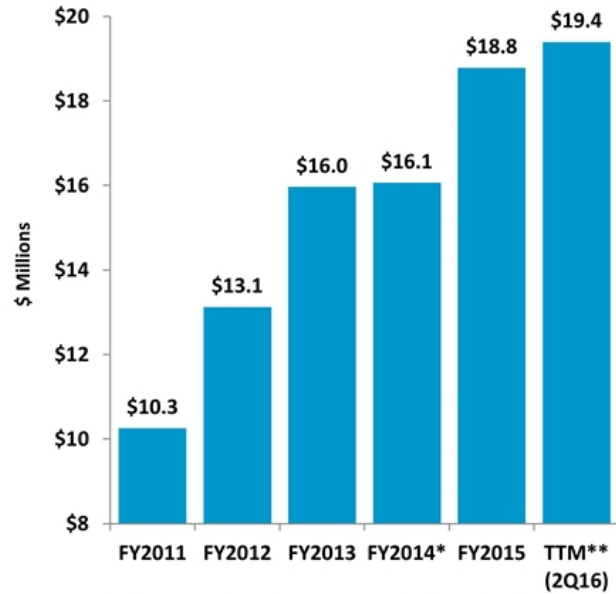
See Appendix for Regulation G Reconciliation



*Free Cash Flow is presented under a new definition as of 12/31/2015. Please see appendix for Regulation G reconciliation of Free Cash Flow.

Adjusted EBITDA

See Appendix for Regulation G Reconciliation

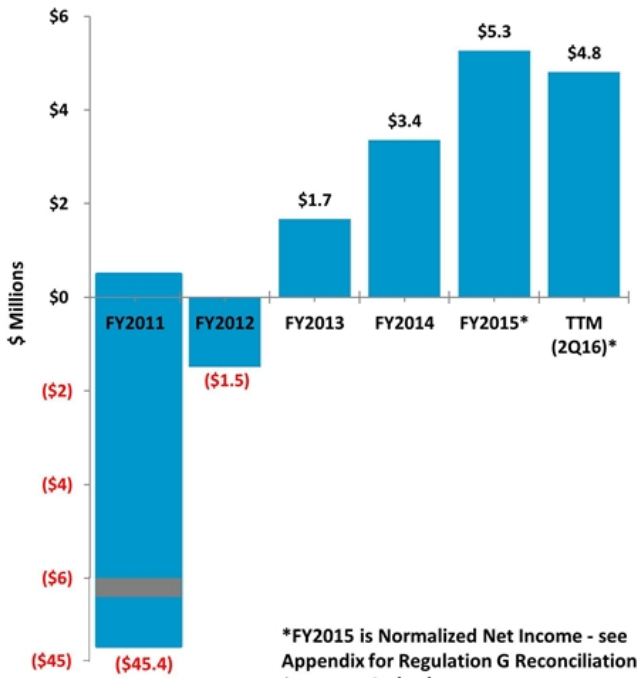


*2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

**TTM as of 6/30/16

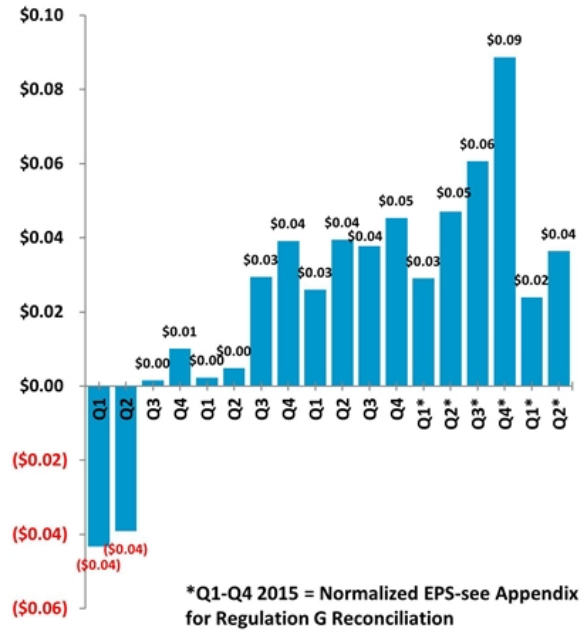
Net Income and Diluted EPS

Net Income



*FY2015 is Normalized Net Income - see Appendix for Regulation G Reconciliation
*TTM as of 6/30/1

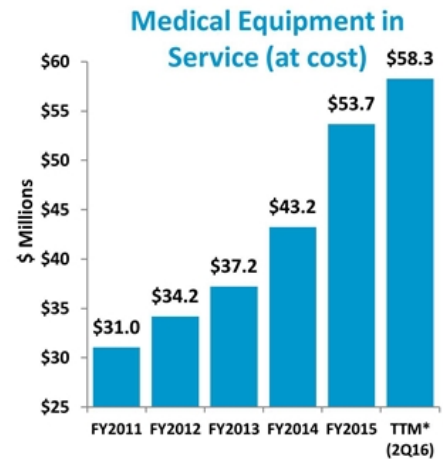
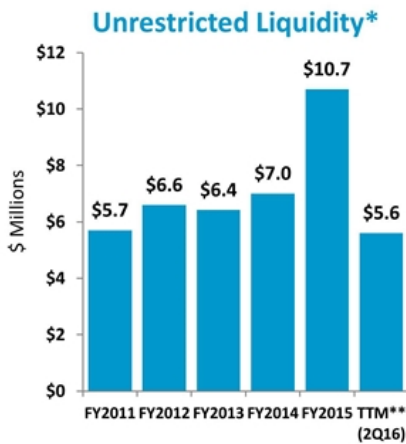
Earnings Per Share Fully Diluted Basis



*Q1-Q4 2015 = Normalized EPS-see Appendix for Regulation G Reconciliation

Increased Borrowing Facility to Expand Future Pump Inventory

- History of strong Free Cash Flows providing added borrowing capacity to expand growth of pump inventory
- Reduced cost of capital on new credit facility allows for increased Return on Invested Capital
 - Current rate of less than 3.0% vs 18% in 2012, 9.5% in 2013, 7.75% in 2014
 - New facility signed with Chase in March 2015



*Cash and Equivalents + Undrawn Revolver **TTM as of 6/30/16

*TTM as of 6/30/16

*TTM as of 6/30/16



New \$45 Million Credit Facility

\$45 million credit facility signed with JPMorgan Chase in March 2015

- Term is five years
- \$10 million revolver – undrawn at close
- \$27 million Term Loan A – fully drawn at close
- \$8 million Term Loan B – undrawn at close
 - Expansion capital (including acquisition of Ciscura)
 - InfuSystem has borrowed on this loan to fund the acquisition of Ciscura and associated integration costs



Interest rate drops from 7.75% to 3.0%

- \$1 million in cash interest savings potential
 - Interest expense in Q4 2015 of \$308k down from Q4 2014 of \$779k and FY2015 interest expense of \$1.7m down from YTD 2014 of \$3.1m
 - Interest rate can vary with LIBOR rate movements

Repayment

- Term Loan A is repaid \$965K quarterly
- Term Loan B is repaid quarterly as a percent of the total drawn ranging from 3.75% to 4.475%

Favorable covenants and terms

- Leverage ratio maximum increased from 2.0x to 3.0x (decreases over the term)
- Fixed charge ratio minimum decreased from 1.75x to 1.25x

Significant Barriers to Entry

Established, long standing relationship with oncology practices

- ~1,750 Customer/Facility count*
- Growing Third Party Payor contracts
 - ~420 Payor networks under contract*
- 98% retention of customer business in 2015

Large fleet of ambulatory infusion pumps – ~\$58 M* at cost

- Generate revenue - Rental or sale
- Quicker response time - 24/7
- Replacement value ~ \$90 million*

Geographic coverage U.S. and Canada

- 6 Regional Service Centers – ISO 9001
- Same day or next day delivery of pumps
- Pump repair and service capabilities

Economies of Scale

- EMR Connectivity
- Predictable reimbursements
- Purchasing power
- Management of pump fleet

National presence with Affordable Care Organizations (ACOs)

- Physicians, Outpatient oncology practices, hospitals, outpatient surgery centers, homecare practices, patient rehabilitation centers



Why Invest in InfuSystem?

Leading Operator in Core Business – Oncology Infusion

- Dominate player in oncology infusion market
- Large fleet of ambulatory pumps for Rental or Sale
- Expanding Market Share
- Aging Population and Cancer Growth

Solid Financial Performance

- Strong Cash Flows and Solid Gross Margin Profile
- Solid Growth in Net Collected Rental Revenue
- Improving Net Income
- Significantly Reduced Cost of Capital

Growth Drivers - Pain Management and InfuConnect (EMR) Solutions

- Peripheral Nerve Block and Smart Pump Growth
- True paperless: improved work flow and billing efficiencies

New Management with Highly Focused Initiatives to Drive Value

- Increase EMR connectivity “InfuConnect” / Expand into new markets / Reduced cost of capital / Expand into new therapies, products and services

Gregg O. Lehman, Ph.D. Appointed Chairman of the Board

- Elected by the board of directors in May 2015





Questions?



IR Contact Info:

Joe Dorame, Managing Partner
Lytham Partners, LLC
602-889-9700
dorame@lythampartners.com

InfuSystem—Infusion Made Easy



APPENDIX

Company Snapshot

InfuSystem Holdings, Inc.

- Headquarters: Madison Heights, MI
- Founded: 1998
- Specialization: Healthcare / Medical Instruments & Supplies
- Management: Eric Steen, Pres. & CEO, Chris Downs, EVP & Interim CFO, Jan Skonieczny, EVP & COO, Mike McReynolds, EVP & CIO, Sean Schembri, EVP & GC, Trent Smith, EVP & CAO
- Est. Number of Employees: 270
- LTM Revenue: \$76.3M (as of June 30, 2016)
- LTM AEBITDA: \$19.4M (as of June 30, 2016)
- EV / LTM AEBITDA: 5.34x *

Commentary

- InfuSystem provides infusion pumps and related products and services for patients in:
 - Patient's home,
 - Oncology clinics
 - Ambulatory surgery centers
 - Other health care sites
- 6 Regional Service Centers serves all of North America
- Profitable growth
 - Oncology and orthopedic surgery
 - Increased electronic connectivity
 - New products and services
 - Strategic geographic expansion

*As of 9/19/16

Summary Trading Statistics*

- Stock Price: \$2.77
- Enterprise Value: \$103.5M
- 52-Wk Range: \$2.34-\$3.75
- EV / LTM AEBITDA: 5.34x
- Market Cap: \$64.0M
- P / Adj. Earnings: 13.2x



Financial Summary (\$ in millions)



**TTM as of 6/30/16



InfuSystem Niche – Extension of Clinic to Home

Ambulatory Home Infusion

- 25-year old business model in DME billing
- At home, at work, at play, all while receiving the drug
- High satisfaction scores
- 24/7 on-call oncology nurses
- Proven outcomes with continuous home infusion
- Oncology, Post Surgical Pain, Special Disease States

Patient-Based Rental TPP Payor Contracts

- Bills patient insurance
- 420+ Payor Networks under Contract (Commercial and Government)
- Commercial Payors reimburse more therapies than CMS
- See CMS SE1609 discussion in Form 10Q for March 31, 2016 and later in this appendix

Hospital-Home Care Based Direct Payor Business Model

- InfuSystem’s Hospital-Home Care Based (DP) business is focused primarily on the sale, rental, financing and accompanying service of movable medical equipment to hospitals and alternate care sites who pay InfuSystem directly – no third-party reimbursement
- Founded in 1998 and currently headquartered in Lenexa, KS
- InfuSystem services – ISO 9001 - and repairs movable medical equipment
- Leading provider to alternate site healthcare facilities and hospitals in the United States and Canada
 - Home infusion providers, long-term care, physician clinics, research facilities, etc.
- Transacts directly with healthcare providers – no third-party reimbursement revenue

Products



InfuSystem sells, rents and finances a wide variety of new and used large volume and ambulatory pumps

- Infusion pumps
- Syringe pumps
- Enteral pumps
- Ambulatory pumps

Service & Repair



InfuSystem services and repairs both its own fleet of pumps and many types of other movable medical equipment

- Large volume pumps
- Fluid collection
- Ambulatory pumps
- Medical equipment

Hospital-Home Care Based Direct Payor Offerings

Leading Provider of New and Pre-Owned Pumps

- InfuSystem offers new pumps from top brands
- Broker-dealer trading desk
- In addition, over 70 models and versions of pre-owned pumps are offered
 - Pre-owned pumps are re-built and certified by in-house biomedical technicians to be patient ready
 - Warranty offered on pre-owned pumps
- A variety of financing options to fit customers' operating, budgeting and financing parameters
- Nationwide, industry-leading ISO 9001 service programs
- Launching 7th location - Northeast service center

Pre-Owned & New Pumps from Top Manufacturers

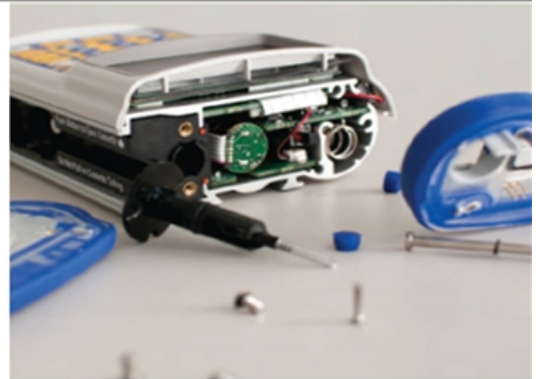


Full Spectrum of Ownership Options for Customers

| Rental | Sales | Asset Management |
|---|---|--|
| <ul style="list-style-type: none"> • Renting new or pre-owned equipment • Rent pumps by the day, week or month to match swings in patient count • Free shipping on all rentals | <ul style="list-style-type: none"> • Industry leader in sales of pre-owned equipment, creating significant savings • Competitive pricing on new equipment • Option to sell back pre-owned pumps • Leasing plans offered | <ul style="list-style-type: none"> • ISO 9001 Service offered • Service plans offered • Local service expansion <ul style="list-style-type: none"> • 6 existing; 1 planned • Coordinate with Patient-Based • Loaner pumps available |

Medical Equipment Service & Repair

- In addition to supporting and repairing InfuSystem's in-house fleet, the Company certifies, recalibrates, repairs and services a variety of infusion pumps
- Pumps require scheduled maintenance and calibration in accordance with manufacturer's specifications and regulatory guidelines
- Service and repair capabilities on high demand services reaching end of life that are no longer supported by manufacturers
- ISO certification and an established quality system strengthens relationships with major customers
- Provides InfuSystem an opportunity to establish a business relationship with customers that acquired pumps through other sources
- Continuing and increased need for compliance with current as well as anticipated regulations



- 28 highly qualified service technicians
- 5 major manufacturer relationships:

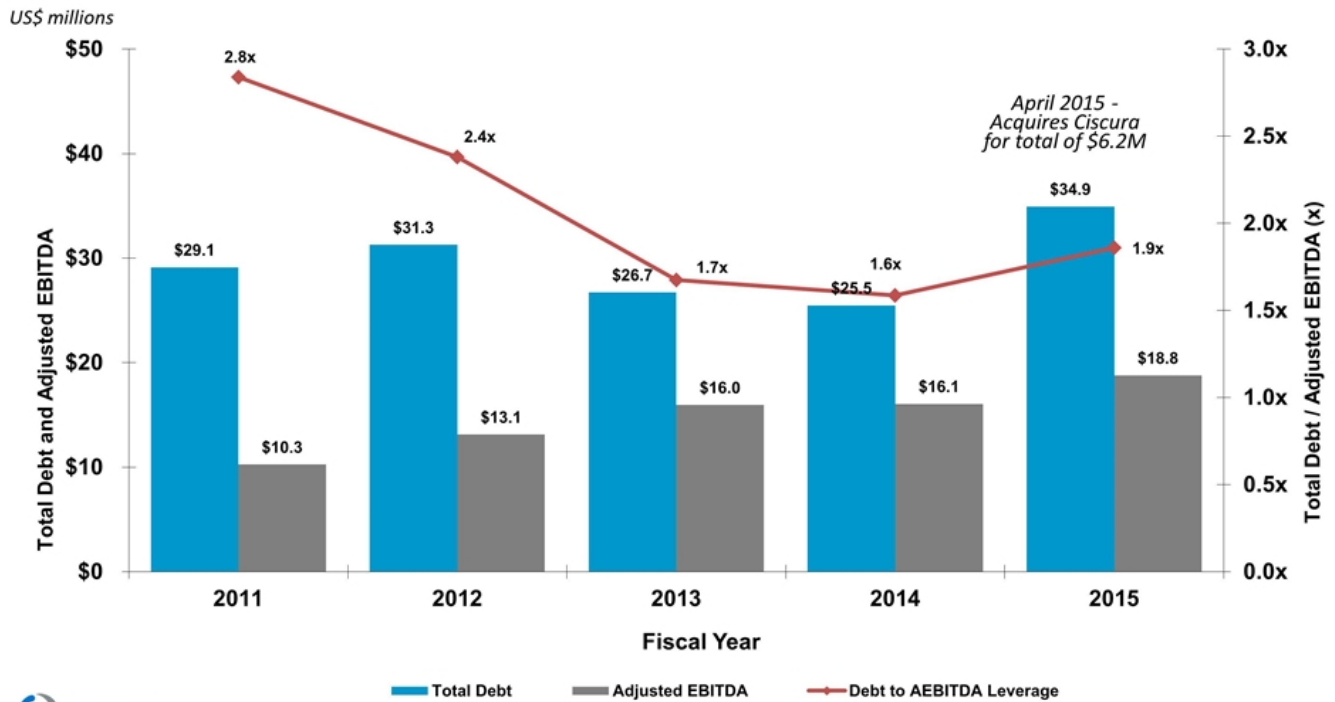


- 6 service centers, located in Michigan, Kansas, California, Texas, Georgia and Toronto, Canada

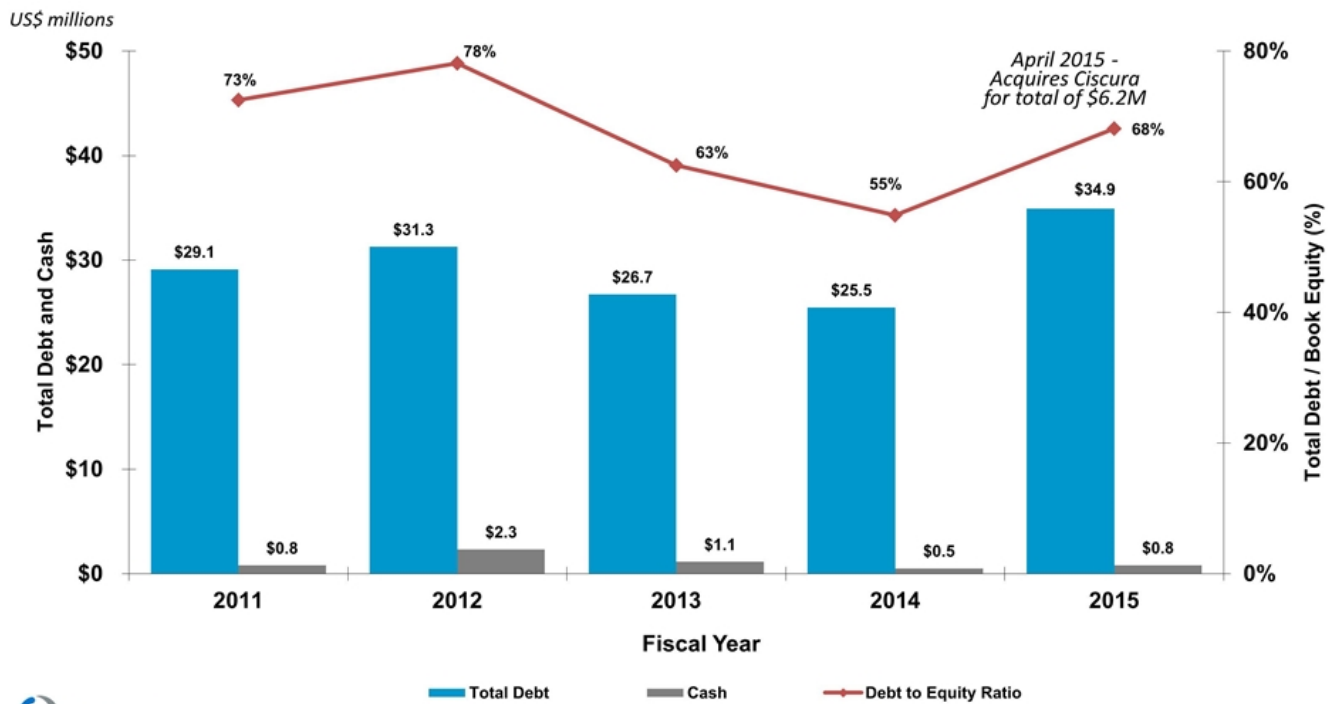
SE1609 Overview

- On April 25, 2016, CMS released the Medical Learning Network (“MLN”) Matters Number SE1609 “Medicare Policy Clarified for Prolonged Drug and Biological Infusions Started Incident to a Physician’s Service Using an External Pump” clarification article (“SE1609”). This clarification article is intended for all physicians and hospital outpatient departments submitting claims to Medicare Administrative Contractors (“MACs”) for prolonged drug and biological infusions started incident to a physician’s service using an external pump. It should be noted that this article does not apply to suppliers’ claims submitted to Durable Medical Equipment (“DME”) MACs.
- We interpret SE1609 as no longer permitting DME suppliers to submit billings to the DME MACs for the infusion pumps and supplies provided to Medicare patients in the circumstances described in SE1609. More particularly, SE1609 provides that when a drug is provided “incident to” physicians’ services rendered to patients while in the physician’s office or hospital outpatient department, the external pump is not separately billable as DME. This applies to any DME supplier, home infusion company, hospital outpatient clinic or physician office that provides ambulatory infusion pumps in a setting where treatment is initiated in the infusion setting prior to the patient being sent home for long term infusion. SE1609 states that an ambulatory infusion pump and supplies are not separately reimbursable as DME when a Medicare patient leaves an infusion setting and goes home with a pump. SE1609 indicates that the administration of the drug billed to the local Medicare Contractor should also include payment for the DME used in furnishing the service. Under existing laws, in order for Medicare to cover the cost of the drug and external pump, a physician, hospital, clinic, home infusion therapy company or DME supplier must incur a cost for the drug and pump.
- We have historically submitted billings directly to DME MACs for our infusion pumps and portfolio of related services in the circumstances described above. In this regard, Medicare accounted for 18% and 19% of the Company’s total revenues for the six month period ended June 30, 2016 and fiscal year ended December 31, 2015, respectively, and 17% and 20% of Company’s consolidated accounts receivable, net as of June 30, 2016 and as of December 31, 2015, respectively. As a result of SE1609, we will now submit these billings, effective July 1, 2016, directly to physicians or hospitals who, in turn, will seek reimbursement from Medicare. In these cases, the providing physicians or hospitals, rather than Medicare, will be the primary obligor to the Company for payments for our infusion pumps and portfolio of related services.
- It is important to note that SE1609 applies only to Medicare patients and, therefore, we currently expect that SE1609 will have no direct material impact on the majority of patients of the Company’s customers who are insured by private commercial carriers. In these cases, which currently represent a substantial majority of our revenues, we already submit billings directly to these private commercial carriers.
- The Company estimates that the transition to the alternative billing arrangement and other recent announcements regarding commercial billing will have a net reduction to its operating income (loss of net revenue net of associated expenses saved) of approximately \$1 million annually. Furthermore, there can be no assurance that SE1609 will not further impact future revenues and net income or implicate other risks referred to in the Risk Factors section of the Company’s Annual Report on Form 10-K for 2015.

Leverage: Total Debt to Adjusted EBITDA



Leverage: Total Debt to Book Equity



Non-GAAP Reconciliation: TTM Net Income to Adjusted EBITDA by Quarter

| <i>Unaudited, in US\$ thousands</i> | 3Q 2015 | 4Q 2015 | 1Q 2016 | 2Q 2016 | Trailing 12 Months |
|--|--------------|--------------|--------------|--------------|--------------------|
| Net Income | 1,369 | 2,006 | 495 | 724 | 4,594 |
| plus Interest Expense | 338 | 308 | 305 | 327 | 1,278 |
| plus Income Tax Expense | 957 | 1,011 | 384 | 337 | 2,689 |
| plus Depreciation | 1,414 | 1,613 | 1,643 | 1,730 | 6,400 |
| plus Amortization | 756 | 784 | 912 | 922 | 3,374 |
| EBITDA | 4,834 | 5,722 | 3,739 | 4,040 | 18,335 |
| plus Impairment Charges | - | - | - | - | - |
| plus Loss (Gain) on Derivatives | - | - | - | - | - |
| plus Concerned Shareholders | - | - | - | - | - |
| plus Extinguishment of Debt | - | - | - | - | - |
| plus Stock Based Compensation | 179 | 200 | 213 | 137 | 729 |
| plus Strategic Alternatives & Transition | 22 | 41 | 100 | 170 | 333 |
| Adjusted EBITDA | 5,035 | 5,963 | 4,052 | 4,347 | 19,397 |

Non-GAAP Reconciliation: Annual Net Income to Adjusted EBITDA to Free Cash Flow to Change in Cash (part 1 of 3)

| <i>Unaudited, in US\$ thousands</i> | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|--|-----------------|----------------|---------------|---------------|---------------|
| Net Income | (45,443) | (1,489) | 1,669 | 3,357 | 3,743 |
| plus Interest | 2,193 | 3,340 | 3,497 | 3,134 | 1,705 |
| plus Tax | (23,134) | (663) | 1,031 | 2,853 | 1,830 |
| plus Depreciation | 6,386 | 5,668 | 5,415 | 3,626 | 5,359 |
| plus Amortization | 2,662 | 2,734 | 2,618 | 2,516 | 2,884 |
| EBITDA | (57,336) | 9,590 | 14,230 | 15,486 | 15,521 |
| plus Impairment Charges | 67,592 | - | - | - | - |
| plus Loss (Gain) on Derivatives | - | - | - | - | - |
| plus Concerned Shareholders | - | 2,220 | - | - | - |
| plus Loss on Extinguishment of Debt | - | 671 | - | - | 1,599 |
| plus Stock Based Compensation | - | - | 1,120 | 576 | 996 |
| plus Strategic Alternatives & Transition | - | 645 | 604 | - | 669 |
| Adjusted EBITDA | 10,256 | 13,126 | 15,954 | 16,061 | 18,785 |

Non-GAAP Reconciliation: Annual Net Income to Adjusted EBITDA to Free Cash Flow to Change in Cash (part 2 of 3)

| <i>Unaudited, in US\$ thousands</i> | FY2014 | FY2015 |
|--|----------------|-----------------|
| Adjusted EBITDA (continued from prior page) | 16,061 | 18,785 |
| less cash Taxes | (298) | (146) |
| plus net decrease/(increase) in working capital, other noncash items & adjustments | (1,464) | (3,543) |
| less capital investment for maintenance of medical equipment in service | (1,347) | (1,223) |
| Unlevered Free Cash Flow | 12,953 | 13,873 |
| less cash Interest | (2,351) | (1,508) |
| less mandatory debt principal payments | (5,508) | (4,574) |
| less common stock transactions with employees & other miscellaneous | (204) | 86 |
| Free Cash Flow | 4,890 | 7,877 |
| Discretionary Capital Investment | | |
| Net (increase)/decrease in property and equipment excluding medical equipment | (1,697) | (293) |
| Net (increase)/decrease in medical equipment rental fleet | (5,993) | (8,146) |
| Net (increase)/decrease in medical equipment held for sale | 1,409 | (22) |
| Net (increase)/decrease in software development and other non-pump assets | (3,392) | (5,643) |
| Acquisition of Ciscura (including integration costs of \$669K in FY2015) | - | (6,825) |
| Total Cash (for)/from Discretionary Capital Investment | (9,673) | (20,929) |
| Cash Flow available/(deficit) before Optional Net Reduction of Debt and Other | (4,783) | (13,052) |

Non-GAAP Reconciliation: Annual Net Income to Adjusted EBITDA to Free Cash Flow to Change in Cash (part 3 of 3)

| <i>Unaudited, in US\$ thousands</i> | FY2014 | FY2015 |
|--|----------------|-----------------|
| Cash Flow available/(deficit) before Optional Net Reduction of Debt and Other (continued from prior page) | (4,783) | (13,052) |
| Optional Net (Reduction)/Increase of Debt | | |
| Optional payoff of Wells Fargo credit facility | - | (20,609) |
| Optional borrowing/(repayment) on bank credit facility, net | 566 | 29,888 |
| Optional borrowing/(repayment) on capital leases, net | 3,594 | 4,233 |
| Capitalized financing charges on Chase credit facility | 0 | (157) |
| Total Optional Net (Reduction)/Increase of Debt | 4,160 | 13,355 |
| Cash Flow after Optional Net (Reduction)/Increase of Debt | (623) | 303 |
| Other miscellaneous items | - | - |
| Net Change in Cash | (623) | 303 |
| plus Beginning Cash | 1,138 | 515 |
| Ending Cash | 515 | 818 |

Non-GAAP Reconciliation: TTM Operating Income to Normalized Net Income and EPS by Quarter

| <i>Unaudited, in US\$ thousands except per share values</i> | 3Q 2015 | 4Q 2015 | 1Q 2016 | 2Q 2016 | Trailing 12 Months |
|---|----------------|----------------|--------------|----------------|--------------------|
| Operating Income | \$2,711 | \$3,284 | \$1,164 | \$1,381 | \$8,540 |
| Adjustments: | | | | | |
| Strategic Alternatives (incl. Integration Costs) | 22 | 41 | 100 | 95 | 258 |
| Severance | | | | 75 | 75 |
| Interest Expense | (338) | (308) | (305) | (327) | (1,278) |
| Other income | (47) | 41 | 20 | 7 | 21 |
| Income before income taxes – adjusted | \$2,348 | \$3,058 | \$979 | \$1,231 | \$7,616 |
| Income taxes – adjusted | 963 | 1,024 | 428 | 391 | 2,806 |
| NORMALIZED NET INCOME | \$1,385 | \$2,034 | \$551 | \$840 | \$4,810 |
| Normalized Net income per share: | | | | | |
| Basic | \$0.06 | \$0.09 | \$0.02 | \$0.04 | \$0.21 |
| Diluted | \$0.06 | \$0.09 | \$0.02 | \$0.04 | \$0.21 |
| Weighted average shares outstanding: | | | | | |
| Basic | 22,449 | 22,517 | 22,549 | 22,620 | 22,534 |
| Diluted | 22,838 | 22,929 | 23,039 | 23,110 | 22,979 |

Detailed Historical Income Statement

| (000's) | 12/31/09 | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 |
|--|---------------|-------------------|--------------------|-------------------|-----------------|-----------------|-----------------|
| Net revenues: | | | | | | | |
| Rentals | | | \$ 46,795 | \$ 53,471 | \$ 55,962 | \$ 58,718 | \$ 64,536 |
| Product sales | | | 7,842 | 5,357 | 6,318 | 7,769 | 7,589 |
| Net revenues: | 38,964 | 47,229 | 54,637 | 58,828 | 62,280 | 66,487 | 72,125 |
| Cost of Revenues: | | | | | | | |
| Product, service and supply costs | 6,200 | 7,730 | 9,128 | 9,165 | 11,274 | 12,165 | 13,802 |
| Pump depreciation and loss on disposal | 4,127 | 5,954 | 10,154 | 6,752 | 7,327 | 6,968 | 7,139 |
| Gross Profit | 28,637 | 33,545 | 35,355 | 42,911 | 43,679 | 47,354 | 51,184 |
| Provision for doubtful accounts | 4,006 | 4,515 | 4,099 | 5,251 | 6,534 | 5,774 | 5,234 |
| Amortization of intangibles | 1,827 | 2,259 | 2,662 | 2,734 | 2,618 | 2,516 | 2,884 |
| Asset impairment charges | 0 | 0 | 67,592 | 0 | 0 | 0 | 0 |
| Selling and marketing | 5,258 | 7,087 | 9,371 | 9,864 | 9,658 | 9,745 | 10,424 |
| General and administrative | 12,218 | 20,622 | 17,987 | 23,062 | 18,973 | 19,988 | 23,778 |
| Operating income profit/(loss) | 5,328 | (938) | (66,356) | 2,000 | 5,896 | 9,331 | 8,864 |
| Total other gain/(loss) | (3,577) | (2,285) | (2,221) | (4,152) | (3,196) | (3,121) | (3,291) |
| Profit/(loss) before income taxes | 1,751 | (3,223) | (68,577) | (2,152) | 2,700 | 6,210 | 5,573 |
| Income tax benefit/(expense) | (977) | 1,371 | 23,134 | 663 | (1,031) | (2,853) | (1,830) |
| Net income/(loss) | \$ 774 | \$ (1,852) | \$ (45,443) | \$ (1,489) | \$ 1,669 | \$ 3,357 | \$ 3,743 |

| | | | | | | | |
|---------------------------------|-----------|----------|-------------|-----------|-----------|-----------|-----------|
| EBITDA | \$ 11,199 | \$ 7,745 | \$ (57,336) | \$ 9,590 | \$ 14,230 | \$ 15,486 | \$ 15,521 |
| EBITDA (ex. Impairment charges) | \$ 11,199 | \$ 7,745 | \$ 10,256 | \$ 9,590 | \$ 14,230 | \$ 15,486 | \$ 15,521 |
| Adjusted EBITDA | N/A | N/A | \$ 10,256 | \$ 13,126 | \$ 15,954 | \$ 16,062 | \$ 18,785 |

Detailed Historical Balance Sheet

| (000's) | Fiscal Years | | | | | | |
|---|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| | 12/31/09 | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 |
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Cash and cash equivalents | \$ 7,750 | \$ 5,014 | \$ 799 | \$ 2,326 | \$ 1,138 | \$ 515 | \$ 818 |
| Accounts receivable - total, net of allowance | 5,517 | 6,679 | 7,448 | 8,511 | 10,697 | 10,300 | 14,206 |
| Inventory | 925 | 1,699 | 1,309 | 1,339 | 1,234 | 1,758 | 1,916 |
| Prepaid expenses and other current assets | 395 | 750 | 934 | 684 | 518 | 633 | 861 |
| Deferred income taxes | 125 | 1,147 | 682 | 1,971 | 2,296 | 2,252 | 2,743 |
| Total Current Assets | 14,712 | 15,289 | 11,172 | 14,831 | 15,883 | 15,458 | 20,544 |
| Total PP&E and Medical Equipment | 13,499 | 16,672 | 17,672 | 16,564 | 18,974 | 24,520 | 32,484 |
| Deferred debt issuance costs, net | 781 | 658 | 421 | 2,362 | 1,817 | 1,194 | 134 |
| Total Goodwill and Intangible assets, net | 85,491 | 97,344 | 28,221 | 25,541 | 24,182 | 25,073 | 31,534 |
| Deferred income taxes | 0 | 0 | 18,187 | 17,806 | 16,300 | 13,756 | 11,502 |
| Other assets | 207 | 401 | 590 | 419 | 217 | 212 | 251 |
| Total Assets | \$ 114,690 | \$ 130,364 | \$ 76,263 | \$ 77,523 | \$ 77,373 | \$ 80,213 | \$ 96,449 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | | | | | |
| Current Liabilities: | | | | | | | |
| Accounts payable - total | \$ 1,306 | \$ 2,016 | \$ 4,063 | \$ 2,144 | \$ 4,736 | \$ 5,215 | \$ 6,586 |
| Accrued expenses and other | 1,573 | 4,631 | 2,235 | 4,098 | 3,187 | 3,062 | 3,641 |
| Derivative liabilities | 2,670 | 183 | 258 | 0 | 0 | 0 | 0 |
| Current portion of long-term debt | 5,501 | 5,551 | 6,576 | 3,953 | 5,118 | 6,452 | 5,060 |
| Total Current Liabilities | 11,050 | 12,381 | 13,132 | 10,195 | 13,041 | 14,729 | 15,287 |
| Long-term debt, net of current portion | 18,640 | 26,646 | 22,551 | 27,315 | 21,609 | 19,032 | 29,884 |
| Deferred income taxes | 3,314 | 5,788 | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 221 | 406 | 415 | 0 | 0 | 0 | 0 |
| Total Liabilities | \$ 33,225 | \$ 45,221 | \$ 36,098 | \$ 37,510 | \$ 34,650 | \$ 33,761 | \$ 45,171 |
| Total Stockholders' Equity | \$ 81,465 | \$ 85,143 | \$ 40,165 | \$ 40,013 | \$ 42,723 | \$ 46,452 | \$ 51,278 |
| Total Liabilities and Equity | \$ 114,690 | \$ 130,364 | \$ 76,263 | \$ 77,523 | \$ 77,373 | \$ 80,213 | \$ 96,449 |
| Total Debt | \$ 24,141 | \$ 32,197 | \$ 29,127 | \$ 31,268 | \$ 26,727 | \$ 25,484 | \$ 34,944 |
| Net Debt | \$ 16,391 | \$ 27,183 | \$ 28,328 | \$ 28,942 | \$ 25,589 | \$ 24,969 | \$ 34,126 |